Income Tax - Community Property

How is pension income divided between a husband and wife if they were ever residents of a community property state?

Generally pension income is divided between husband and wife based on the portion of time they were residents of a community property state during the period they were working and earning the pension. (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin use the community property system to determine the interest of a husband and wife in property acquired during marriage.)

This computation may affect the calculation of the pension subtraction for a married couple. Regardless of how the income is split between the spouses, each spouse is subject to the age requirement when determining the pension subtraction that can be claimed.